11 NCAC 04 .0504 GENERAL RULES

(a) As used in this Rule, "generic name" means a title descriptive of the policy being illustrated, such as "whole life", "term life", or "flexible premium adjustable life." An illustration used in the sale of a policy shall satisfy the requirements of this Section, be labeled "life insurance illustration" and contain the following information:

(1) Name of insurer;
(2) Name and business address of producer or insurer's authorized representative, if any;
(3) Name, age and sex of proposed insured, except where a composite illustration is permitted under this Section;
(4) Underwriting or rating classification upon which the illustration is based;
(5) Generic name of the policy, the company product name, if different, and policy form number;
(6) Initial death benefit; and
(7) Dividend option election or application of non-guaranteed elements, if applicable.

(b) When using an illustration in the sale of a policy, an insurer or its agents or other authorized representatives shall not:

(1) Represent the policy as anything other than a life insurance policy;
(2) Use or describe non-guaranteed elements in a manner that is misleading;
(3) State or imply that the payment or amount of non-guaranteed elements is guaranteed;
(4) Use an illustration that does not comply with the requirements of this Section;
(5) Use an illustration that at any policy duration depicts policy performance more favorable to the policy owner than that produced by the illustrated scale of the insurer whose policy is being illustrated;
(6) Provide an applicant with an incomplete illustration;
(7) Represent in any way that premium payments will not be required for each year of the policy in order to maintain the illustrated death benefits, unless that is the fact;
(8) Use the term "vanish" or "vanishing premium", or a similar term that implies the policy becomes paid up, to describe a plan for using non-guaranteed elements to pay a portion of future premiums;
(9) Except for policies that can never develop nonforfeiture values, use an illustration that is "lapse-supported"; or
(10) Use an illustration that is not "self-supporting."

(c) If an interest rate used to determine the illustrated non-guaranteed elements is shown, it shall not be greater than the earned interest rate underlying the disciplined current scale.

History Note: *Authority G.S. 58-2-40; 58-58-1; 58-58-40; 58-60-15; 58-60-20; 58-63-15; 58-63-65;*
Eff. January 1, 1997;
Readopted Eff. December 1, 2021.